

payment for providing those services. But then at my death, the Government wants to take up to 55 percent of the value after I have invested my efforts into providing those benefits. That is not right, nor is it fair.

I agree with Allen. Part of the American dream is creating an inheritance we can pass on to our future generations. Our farmers and small businesses deserve to pass along their investment to their heirs without having to worry about a tax. That is why I introduced legislation to actually eliminate the death tax. While this idea will not be included in the final tax deal, these hard-working families cannot afford Congress to allow the death tax to return to 55 percent. It is simply unacceptable. At the very least, we need to maintain current policy for another year, until we are able to implement and provide a more permanent solution. We owe it to these hard-working families to work together to solve this issue.

I yield the floor and suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THUNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

FISCAL SOLVENCY

Mr. THUNE. Mr. President, I come to the floor today to talk about the debt crisis facing this country and why I believe any deal to avert the fiscal cliff must address serious entitlement reform. We should not let the discussion around taxes, which is sort of dominating the airwaves here in Washington, distract us from the fact that Washington has a spending problem, not a revenue problem.

Every independent expert who examines America's long-term structural fiscal dilemma comes to the same conclusion: Entitlement programs are the drivers of our national debt over the long term.

Those who argue that we can dig our way out of a \$16 trillion debt—and counting, by the way—by raising taxes are ignoring reality. According to the Congressional Budget Office's most recent forecast, under the current tax rates, revenues over the next 10 years will average roughly 18 percent of GDP. In other words, Federal revenues will return to their historical average without raising taxes on anyone. I will repeat that because I think it is an important point. Our tax revenues will go back to an average of 18 percent over the next decade, which is the historical average, and that happens with existing tax policy in place, without raising taxes on anyone. In fact, according to the Congressional Budget Office, under the current tax rates, revenues as a

percentage of GDP will reach 18.6 percent by the year 2022—a decade from now. That is more than half a percentage point higher than the historical average.

Clearly, our budget problems are not because we have too little revenue. Our budget situation today relates directly to Washington's addiction to overspending. In fiscal year 2007, before the recession, total Federal revenue was roughly \$2.5 trillion and total Federal spending was approximately \$2.7 trillion. Five years later, for fiscal year 2012, which recently ended, total Federal revenue was \$2.45 trillion—basically back to the prerecession levels, about the same revenue we had back in 2007—but total Federal spending was above \$3.5 trillion. In other words, tax revenue is back to where it was before the recession but Federal spending is now \$800 billion higher than it was just 5 years ago, in 2007.

Even the Washington Post on their editorial page, which is not something I usually agree with, agrees. In an editorial entitled “Mr. Obama's Time to Lead on Entitlements,” the Post argued:

Since 60 percent of the federal budget goes to Medicare, Medicaid and Social Security, there's no way to achieve balance without slowing the rate of increase of those programs.

Speaking of entitlement programs, the Post editorial went on to say, “At some point he,” referring to the President, “has to prepare the American people—and his own supporters most of all—for the hard decisions required to put the country on a sound financial footing.”

Even the Washington Post agrees that we must take on the driver of Federal spending, entitlement spending and, second, that the President has to lead on that issue. Unfortunately, the President has continued campaigning around the country for higher taxes, but until he gets serious about leading on the issue of entitlement reforms, we simply will not be able to reach an agreement to tackle our fiscal problems in a meaningful way.

A look at the President's proposed tax hike demonstrates why we simply cannot tax our way out of a debt crisis. The President is proposing \$68 billion in revenue next year by raising the top tax rates—in the process, raising taxes on nearly 1 million small business owners. The White House claims this will not have a major negative effect on America's business owners or their employees. But according to the National Federation of Independent Business, small businesses created two-thirds of the new jobs in the last decade, and those small businesses are the most likely to be hit by the new tax increases, and those are the small businesses that employ, by the way, 25 percent of the total workforce.

According to a study by Ernst & Young, the President's proposed tax increases will result in 700,000 fewer jobs, a nearly 2-percent decline in wages and

economic growth that is 1.3 percent lower than it otherwise would be. Yet despite the broad impact of these taxes on small businesses and our economy, this tax hike would only fund government operations next year for about a week. If the President got everything he wanted in the form of higher rates on income, higher rates on capital gains and dividends—all of those things go back to the higher rates—it would fund government for about a week. The President appears to have an obsession with raising income tax rates and claiming that it is the only way to get significant new revenues. But this is not true according to the administration's own budget.

According to this administration's budget, the President's marginal income tax rate hike on high earners will raise \$442 billion over 10 years. As I mentioned, if we look at just the top two rates, we would raise about \$442 billion over 10 years. If we average that out, it ends up being about \$40 billion a year. Yet, according to the same budget, the President's proposal to limit the value of tax expenditures for higher income earners by itself raises \$584 billion over 10 years. In fact, the marginal tax rate increases alone are only one-fourth of the total \$1.6 trillion in new taxes that the President has proposed.

So it is simply not true, as a factual matter or as a matter of arithmetic, that we need to raise marginal income tax rates to raise significant revenue. Yet the President continues to insist that marginal income tax rate increases be part of any fiscal cliff agreement. We have to wonder: Is it because of the arithmetic or is it because of a liberal ideology that considers higher income tax rates to be the holy grail of tax policy.

The last thing we ought to do if we want to boost economic growth is to raise tax rates, especially marginal income tax rates. Marginal income tax rates matter because they have incentive effects. They affect a worker's decision to work an additional hour. The Congressional Budget Office explains that phenomenon in this way:

Increasing revenues by raising marginal tax rates on labor would reduce people's incentive to work and therefore reduce the amount of labor supplied to the economy.

Most Americans understand this logic intuitively. If we want less of something, raise the cost of producing it by taxing more heavily. If we raise marginal income tax rates, we will get less income as well as the labor that gives rise to that income. If we raise taxes on investment, we are likely to get less investment. It is time to recognize that we don't live in a static world. Taxpayers will adjust to higher rates and, in fact, this has already started to happen.

Consider that in the last month we have seen a host of companies announcing special dividends or rushing to move up their dividend payments before the end of the year. There were 228

companies that announced special dividend payouts in the month of November. This compares to 54 companies in the month of October and 72 companies in November of last year. So we have three times as many companies announcing that they are going to do special dividend payouts in the month of November as we had last year. We have to believe this is a direct result of the administration's plan to raise the top dividend tax rate from 15 percent today to 43.4 percent next year. The top tax rate on dividends next year will nearly triple unless we take action to prevent that.

Rather than raising taxes on America's small businesses, we should reform our Tax Code in a way that encourages economic growth and therefore generates new revenue. Instead of the President's approach to simply redistribute revenue, we should be focused on growing the economy over the long run thus increasing opportunities for wealth creation for all Americans. We know this approach can work because we have done it before. The Tax Reform Act of 1986 lowered rates, broadened the tax base, and resulted in one of the longest economic booms in American history.

Harvard economist Dale Jorgenson recently estimated that the gains available from fundamental tax reform amount to as much as \$7 trillion in current dollar terms. The Joint Tax Committee has projected that revenue-neutral tax reform that lowered rates and broadened the tax base could lead to an increase in GDP by as much as 3.5 percent in the long run.

Mark Feldstein, former Chairman of the White House Council of Economic Advisers, calculated that lowering individual tax rates by only 10 percent, coupled with base-broadening measures to ensure revenue neutrality, would raise over \$500 billion in new revenue related to growth over the next 10 years. That is lowering individual tax rates by just 10 percent. Increasing the rate of economic growth is the single most important thing we can do to ensure greater prosperity for Americans today but also for the coming generations.

A recent report by Third Way, a center-left think tank, highlighted the importance of raising economic growth back to the post-World War II average of 3.3 percent. According to this report, increasing economic growth back to 3.3 percent starting in the year 2018 would result in nearly 2 million additional jobs by the year 2022 and roughly 5.3 million new jobs by the year 2030. It will result in more than \$600 billion in new revenue by 2022 and more than \$5 trillion in additional Federal revenue by the year 2030.

Christina Romer, former Chair of the White House Council of Economic Advisers under President Obama, has equated a 1-percentage-point change in GDP with 1 million jobs per year. Given these estimates, there should be a bipartisan consensus that what we

need is higher economic growth, not higher taxes. I would propose that the fiscal cliff is both a challenge and an opportunity. It is a challenge to get the Federal Government's runaway spending under control, but it is also an opportunity for us to make real entitlement reforms and to put in place a structure for comprehensive tax reform next year that will have enormous benefits for our economy.

I hope the President of the United States will soon join the discussion that many of us have been having about comprehensive tax and entitlement reforms. Presidential leadership on both of these critical issues is long overdue and is essential.

We cannot do big things in this country, such as entitlement reform or tax reform, absent Presidential leadership. President Obama has a unique opportunity in his second term to do some things that are desperately needed for this country and to put our country on a path toward fiscal solvency, a trajectory that will ensure a brighter, better, and more prosperous future for generations of Americans. In order to have that happen, we have to have the right policies in place, and those are policies that encourage jobs and economic growth.

The President said in his postelection press conference that his No. 1 priority was going to be jobs and the economy. I could not agree more with that statement. The way we achieve that is by getting fiscal discipline in place through budgetary restraint and by having policies in place that promote robust economic growth. If we look at what solves these problems, the best thing we can do is to grow our economy and then a lot of these debt and deficit issues become much smaller by comparison. It really does come down to growth, but we simply cannot grow the economy by raising taxes on small businesses, job creators, and people out there who are creating the jobs and impact literally millions of middle-class families who are employed by those very same small businesses.

Millions and millions of Americans work for small businesses in this country. If the President has his way, those Americans would see their taxes go up. That is not something we want to see happen in a weak economy.

In fact, it was only 2 years ago in 2010 when the President said that we ought to extend all of the tax rates because we should not raise taxes in the middle of a weak economy. At that time economic growth on an annualized basis was 2.4 percent. Economic growth now on an analyzed basis is 2. We have a weaker economy today than we did in 2010 when the President said raising taxes in the middle of a weak economy would be a mistake and a bad idea.

I agreed with him then, and I hope he will come to the conclusion now that this is a bad solution. I know the President is insistent on higher tax rates, but as I pointed out earlier, if we raise the top two marginal income tax rates

alone, we generate about \$40 billion of revenue next year. If we add to that capital gains and dividend tax rate increases, we get about \$68 billion in additional tax revenue next year, which funds government for just under a week. It simply does not solve the problem if we are talking about fixing the deficit.

On the other hand, what it does do is make it more expensive and more difficult for American businesses to create jobs to get Americans back to work, to get our economy growing again, and to make this country prosperous for future generations.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Washington is recognized.

WOMEN VETERANS AND OTHER HEALTH CARE IMPROVEMENT ACT OF 2012

Mrs. MURRAY. Mr. President, I come to the floor today to request that we have unanimous consent for S. 3313, which is the Women Veterans and Other Health Care Improvement Act of 2012, which was unanimously supported by the members of the Veterans' Affairs Committee to be moved out of this body today.

This legislation not only builds upon previous laws that we have passed to improve VA services for women veterans and veterans with families, but it also brings a new focus to the need for the VA to do more to help women veterans and the spouses of male veterans have access to assistance for one of the most impactful and serious wounds of these wars, reproductive and urinary tract trauma.

As many of you know, the nature of the current conflicts and the use of improvised explosive devices leaves servicemembers far more susceptible to those kinds of injuries. In fact, Army data shows that between 2003 and 2011 nearly 2,000 of our servicemembers have suffered those kinds of battle injuries.

Like so many of our veterans, these men and women come home and look to returning to their lives, to finding employment, and to starting a family. Yet what they find when they go to the VA is that the fertility services that are available don't meet their complex needs for these injuries. In fact, veterans suffering from those kinds of injuries find that the VA now is specifically barred from providing more advanced assisted reproductive techniques, such as in vitro fertilization or IVF. They are told when they come home that despite the fact they have made such an extreme sacrifice for our Nation, we can't provide them with the medical services they need to start a family—veterans such as SSG Matt Keil and his wife Tracy, who is here with us today. I am so proud of her and her courage in making sure this is available for families like hers.

Staff Sergeant Keil was shot in the neck while he was on patrol in Ramadi,